

THE CLUB AT PRADERA VOLUNTARY REFUND POLICY**NOVEMBER 15, 2017**

Dear Members:

Most would agree that the Great Recession wreaked economic havoc on our economy. The real estate industry (including the golf industry) was especially hit hard. While many sectors of our economy are now slowly recovering, the golf industry remains challenged and certain fundamental (and some say permanent) changes have occurred. One of these fundamental (and again some argue permanent) changes relates to refundable memberships and membership deposits.

Historically, many private non-equity golf clubs offered full golf memberships for a membership price consisting of both a “*membership fee*” and a “*membership deposit*.” The “*membership fee*” was generally non-refundable, but the “*membership deposit*” was refundable. While the exact terms varied from club to club, the membership deposit was usually refundable upon the resignation of the member and the resale of the applicable membership on a 5 to 1 or a 4 to 1 basis with unsold memberships of the same category. This program generally worked well for many clubs and the clubs’ members for years.

Unfortunately, in conjunction with the Great Recession, a perfect storm hit the golf industry. The first was a general decline in the demand for refundable memberships. The second was a general decline in the demand for golf. The combination of these two factors caused many private non-equity clubs to reinvent themselves and find new ways to attract members or risk extinction. The results have been mixed. Many private non-equity clubs have concluded that the combination of the long waiting list of resigned members, an aging membership and a declining dues base, combined with the ever growing membership deposit refund liability, spell trouble for the club. As a result, many clubs have suffered and had to take drastic measures due to financial hardship.

On a positive note, in large part due to prudent and conservative management, Arcis’ purchase of The Club at Pradera enabled the club to weather the economic storm relatively well and, as a result, it does not face the dire economic circumstances that many private non-equity clubs are currently facing. Additionally, Arcis has invested substantial sums towards capital improvements to the club facilities and more are planned for the future. The response from many of you with regard to these capital improvements has been extremely favorable.

Nevertheless, Arcis recognizes that it must continue to be vigilant and take steps necessary to ensure that the club remains healthy for the benefit of all of the members. In this regard, the club has heard from a number of members and former members that are frustrated with the slow pace of refunds being made to those on the resigned list.

In response to the opinions voiced by former members, and in order to better serve our current members, Arcis has decided to implement the following Voluntary Refund Policy. Please note that the principles embodied in this Voluntary Refund Policy are not entirely new. In fact, we informally adopted variations of this policy previously. However, we feel that now is the

right time to formally adopt this policy and to communicate the details of this policy (along with our rationale for adopting this policy) to our current and former members.

It should be noted that, in adopting this policy, we are aware of the fact that there are a variety of competing interests involved. For example, former members expect their agreements to be honored and have a strong desire to have their refunds paid immediately, current members similarly expect their agreements to be honored and have a strong desire for monies to be reinvested, for all programs and services to continually be available and for the Club Facilities to be constantly improved. Arcis intends to honor all of its commitments and for The Club at Pradera to be a club the members are proud to be associated with. Fortunately, everyone agrees that the Club must remain financially viable and healthy. The Voluntary Refund Policy seeks to strike a balance between these competing interests.

The purpose of this policy is to speed up the rate at which those on the resigned list receive their refunds and allow Arcis to continue to invest in the Club's amenities, while enabling the Club to continue having a strong membership. The policy also helps to make the process by which refunds are processed to be more transparent to those on the list and to the current membership.

With the foregoing in mind, set forth below is the Voluntary Refund Policy for The Club at Pradera:

CF Arcis V LLC ("Arcis") the owner of The Club at Pradera (the "Club") hereby voluntarily implements the below refund policy (the "Voluntary Refund Policy"). Capitalized terms used in this Voluntary Refund Policy without definition shall have the meanings ascribed to such terms in The Club at Pradera Membership Plan dated November 15, 2017, as the same may be amended from time to time ("Membership Policy").

The Club will continue to maintain the separate refund lists for the following resigned Memberships (i) Refundable Golf Memberships, Founder Golf Memberships, Rocky Mountain Memberships and Invitational Memberships ("Golf List") and (ii) Refundable Corporate Golf Memberships ("Corporate List") (collectively, the "Lists").

The Club will use the Membership Fees from certain categories of new Memberships sold to accumulate a pool of funds applicable to each of the Lists ("Golf Pool" and "Corporate Pool," respectively and collectively referred to as the "Pools").

For the Golf List, Membership Fees received from the sale of Refundable Golf Memberships, Non-Refundable Golf Memberships, Junior Golf Memberships, Limited Golf Memberships and Preview Golf Memberships shall be used for the Golf Pool. For the Corporate List, Membership Fees from the sale of Refundable Corporate Golf Memberships and Non-Refundable Corporate Golf Memberships shall be used for the Corporate Pool.

As long as the Club is under 450 Golf Memberships (as defined in Section 3.3 of the Membership Policy) in Good Standing, a refund will be paid to the resigned Member at the top of the applicable List when the total Membership Fees received (i.e., cash received from the sale and issuance of Memberships within the applicable List and net of any refunds paid) are equal to 400% of the refund amount due to the resigned Member at the top of the applicable List.

For Example: (i) for the Golf List (a) assume the Member at the top of the list paid \$30,000.00 when he/she bought his/her Membership and it is 80% refundable, which equates to a refund being due of \$24,000.00, and (b) once the Club has collected net Membership Fees in the Golf Pool equal to \$96,000.00 (400% of \$24,000.00), the Club will refund the top resigned Member on the Golf List the amount of the refund due and (ii) for the Corporate List (a) assume the corporation at the top of the list paid \$50,000.00 when it bought its Membership and it is 75% refundable, which equates to a refund being due of \$37,500.00, and (b) once the Club has collected net Membership Fees in the Corporate Pool equal to \$150,000.00 (400% of \$37,500.00), the Club will refund the top resigned corporation on the Corporate List the amount of the refund due.

As long as the Club has at least 450 Golf Members (as defined in Section 3.3 of the Membership Policy) in Good Standing, a refund will be paid to the resigned Member at the top of the applicable List equal to the amount due to such resigned Member when the total net Membership Fees received (i.e., cash received from the sale and issuance of Memberships within the applicable List and net of any refunds paid), are equal to 100% of the amount originally paid by the Golf Member or Corporate Golf Member for the refundable Membership.

For Example: (i) for the Golf List (a) assume the Member at the top of the list paid \$30,000.00 when he/she bought his/her Membership and it is 80% refundable, which equates to a refund being due of \$24,000.00, and (b) once the Club has collected net Membership Fees in the Golf Pool equal to \$30,000.00 (100% of \$30,000.00), the Club will refund the top resigned Member on the Golf List the amount of the refund due and (ii) for the Corporate List (a) assume the corporation at the top of the list paid \$50,000.00 when it bought its Membership and it is 75% refundable, which equates to a refund being due of \$37,500.00, and (b) once the Club has collected net Membership Fees in the Corporate Pool equal to \$50,000.00 (100% of \$50,000.00), the Club will refund the top resigned Member on the Corporate List the amount of the refund due.

This Voluntary Refund Policy is to be effective immediately.

All resigned Members holding a Refundable Golf Membership, Founder Membership, Rocky Mountain Membership, Invitational Membership, or a Refundable Corporate Golf Membership in Good Standing who do not elect the option set forth in this Voluntary Refund Policy, will continue to be entitled to receive a refund of the applicable portion of their Initiation Fee in accordance with the terms and conditions governing their Membership, as applicable.

This Voluntary Refund Policy is a non-binding policy of Arcis for the Club. This Voluntary Refund Policy is not an amendment to the Club's Membership Plan or an amendment to any current or resigned Member's rights. This Voluntary Refund Policy is subject to change from time to time by Arcis, in its sole discretion. This Voluntary Refund Policy is also subject to being cancelled at any time and/or re-implemented at any time by Arcis in its sole discretion.